

ENERGY EFFICICENCY AND RESOURCE MANAGEMENT COUNCIL

Minutes-November 12, 2009, 3:45 PM

Conference Room B, DOA

Call to Order

Chairman Ryan Called the meeting to order at 3:45 PM

Members Present: Paul Ryan, Chris Powell, Joe Newsome, Vic Alienello, Sam Krasnow, Joe Cirillo and Dan Justynski and Ken Payne

Staff Present: David Cordiero and Charles Hawkins

Consultants: Scudder Parker and Mike Guerard

Others Present: David Brown, Jeremy Newberger, Tim Roughan, and Abigail Anthony

Acceptance of Minutes: Jeremy Newberger noted that in the October 15th minutes both he and Rachel Henschel were omitted from the attendance list. A motion to accept the amended minutes was made and accepted.

RIOER's Support Role to the EERMC

Ken P. stated that he has been designated as the RIOER's representative on the council for the time being. He noted that the council needed to establish by-laws. He suggested a 3 member sub-committee work on having a draft of new by-laws by the December meeting. It was agreed that Paul R., Dan J., and Joe N. would meet at Dan J.'s office on Sockanosset Crossroads in Cranston on Thursday December 3rd to work on a draft of the by-laws to be presented at the regular ERMCM Meeting on December 10th.

Paul R. mentioned that he has been trying to get the EERMC budget under control and has asked for invoices and other budget information. Ken P. said that that type of bookkeeping does not exist and he wants to get that under control. He mentioned that the DSM runs on a calendar year basis and that it would be good to get the by-laws and the budget nailed down by the end of the year. VEIC should provide the Council with a detailed monthly breakdown of their billing to the EERMC with an aggregate total to date.

Joe asked if the Council was obligated to adopt a budget by the end of the year. Ken P. said there was no such requirement but it should be discussed when adopting the by-laws. Chris P. spoke of connecting the budget to a work plan. Where do we want the money to be spent. Ken P. offered OER assistance in developing the plan. Paul R. expressed doubt about the Council's ability to produce accurate financial data if a formal Open Meetings request was made of the council. Ken P. mentioned that David C. has been designated to

keep track of the EERMC's records so members of the public can access council information.

For the record Scuddder said that VEIC has submitted a work plan and offered to be a resource on policy and strategy issues. He has submitted an outline of a plan for 2010 and is waiting for council guidance.

Paul R. offered a motion to authorize a sub-committee of Joe N., Paul R., and Dan J., to work with Ken P. to finalize the draft by-laws and present them at the next council meeting for adoption. Chris P. seconded the motion and it passed unanimously. It was agreed that the meeting would be held on Thursday December 3rd at 3:00 PM in Dan J.'s Cranston office.

ARRA Update

Ken P. mentioned the successful Community Review Meeting on the SEP Non-Utility Scale Renewable Energy Program that was held on 11/5. He also mentioned that OER now has a full time lawyer to help with the legal review of the emergency rules before they go to public hearing. He cited the challengers NEPA requirements entail and new guidance from USDOE. He also noted State Purchasing requirements which need to be strictly complied with. He expected progress on EECBG in early December with a public meeting planned. The goal is to have all the regulations out and available by March 1st.

Chris P. had a question on how the non-utility renewable portion of the SEP will be rolled out. Ken P. explained the three categories (residential, small C&I and large C&I) and the 3 levels of funding and that the program will pay 25% of the project cost up to a limit that differs with each category. There will be a broad range of eligible renewable activities and will not be restricted to electric generation. The goal is equitable geographic distribution. There will be 2 funding rounds, the first in January and the second in April depending on the timing of getting the rules approved.

Chris P. asked about new construction. Ken P. said that new construction is OK at an existing facility. However, if you put up a Greenfield project at a totally new site it would not be ineligible but it would trigger a NEPA review which USDOE would not like. RI wants to get as much through by categorical exception (CX) as possible.

DSM Settlement on 2010 Energy Efficiency Program Plan

Sam K. presented the three key issues around the settlement negotiations. One issue was residential lighting and the amount of savings credited to CFLs and the resolution was the credit for the savings going down slightly. The next issue the amount of spending between residential and C&I and the last issue was around performance metrics.

Scudder then distributed a memo from VEIC concerning the EE Program plan for 2010. He thanked Jeremy N. and the NGrid folks and noted that they have staffed up and it has

made a difference in the ramp-up. NGrid has been adjusting to its LCP mandate. With additional funding sources coming from the FCM and perhaps RGGI and the challenge is integrating these funds with existing DSM programs. Where does ARRA funding fit into this equation? This complicates things.

Integration with gas and electric has been a big priority. NGrid is a national leader in integrating gas and electric with a single point of contact. One potential problem is the lower budget for gas EE and the fact that the gas SBC charge can not rise under RI statute. This could cause a real problem down the road with customers. Another issue is performance incentives and the level of measurement and verification.

Chris P. asked if RI was the only state that did not get smart grid funding from ARRA. Tim Roughan noted that he did not understand why NGrid did not get the \$200 million they asked for but that RI will get some smart grid funding through a regional grant sponsored by ISO.

Sam K. suggested forming a system reliability sub-committee with a goal of having a suite of recommendations for the 2011. Sam K. then proposed a motion to create a System Reliability Sub-committee to develop a work plan around statewide resources. Chris P. seconded it.

At this point, Ken P. observed that you have to keep the time table in mind. We are now entering the second year of a three year cycle on LCP and concludes with the 2011 plan and then you have to be preparing for the 2011-2014 plan. The provision authorizing the DSM Program expires in 2013 so the plan that is prepared in 2011 has to think about when the DSM goes away. This was intentional to move from a DSM framework to an LCP framework. You have to look at a broader picture, not such narrowly focused on SR but on the overall picture. To prepare for 2011 you have to do the work in 2010

Because of the fact that the council only had 7 members, Paul was wondered if it is possible to have a single member represent the council on an issue like SR to better manage resources. His concern is that with only 7 council members they may be stretched thin when they have to consider other energy issues. Joe N. agreed, and he would like to put together a priority plan for 2010. He likes Ken P.'s idea of taking a broader view of energy issues. What does Scudder P. think we should be focusing on to take a broader and wider look at energy issues. We need a plan for this.

Chris P. would like a pro-active plan with top priorities build into the plan. Scudder P. said VEIC would like to offer its assistance in this plan.

Sam K. thought it made sense to move the above motion.

Dan J. asked how this is not a function of the OER and why can't they report to the EERMC. Paul R. said that is a statutory responsibility for the council.

Paul R. offered a motion to establish a System Reliability sub-committee, as amended to include non-council members. It passed unanimously.

A discussion about the 2010 EE Program Plan Settlement ensued. Sam K. suggested a council letter of support for the settlement and acknowledged the hard work done by all parties. He then went over a draft support letter. Ken P. noted that it was a very non-committal letter.

Paul R. offered a motion to forward the draft letter of support to the PUC. Vic A. and Joe N. seconded it and it passed unanimously.

Ken P. wanted to note for the record that the OER is not a party to the settlement because the OER has the responsibility for the administration of both ARRA and RGGI funds so it has to remain impartial. It is for this reason only that the OER is not a party.

Sam K. suggested a VEIC work plan for 2010 be on next month's agenda. Scudder P. offered to prepare something. He handed out the outline of a draft work plan and asked the council to comment on and at the next meeting he & Mike G. will have a much more detailed plan. Scudder did mention that VEIC was not under contract for next year. Paul R. is not sure if the council has to go out to bid again at the end of VEIC's contract.

Decoupling

On Monday November 5, 2009 the EERMC held a work session on decoupling. Sam K. prepared a memo on this meeting and is an appendix of these minutes.

Paul R. noted that the critical issue for the council is that Mark Lowrey's pre-file testimony only deals with point 1 of NGrid's 4 point decoupling plan. What should the council's legal memo on decoupling say. What is our position? We may need a special meeting on this with Dan P. Paul R. feels that the council needs to see how NGrid answers the concerns in the letter Sam K. drafted, then meet with Dan P late in the month and give him direction in what the memo should say. He feels the council's support of decoupling and NGrid's proposal are not in line.

Chris P. said that the council technically voted to employ an expert witness to testify but did vote not to support NGrid's proposal. Maybe the memo needs to state what our questions are and not to take a position because of lack of answers to their questions.

Sam K. then produced his memo and draft letter to NGrid that came from Monday's work session for the council to review. It summarizes Monday's meeting including the presentations from Tom Teehan., John Farley., and Jeremy McDiarmid.

The letter, which needs to sent to NGrid ASAP, addresses the questions members brought up on Monday. It asks NGrid to reply by December 1st. Joe N. wanted the letter to ask how decoupling will benefit low-income ratepayers. Chris P. wanted to ask what portion

of decoupling comes from EE. There was a discussion about back-up rates distributed generation and real time pricing.

Scudder P. said there was an assumption about smart grid that customers will achieve savings automatically. That is not going to happen. It has to be integrated with LCP.

Ken P. observed that there are 2 types of questions in the letter; the first 5 questions are specific to the filing; and the 6,7,8 have to do with implications in a broader context. Sam K. suggested asking NGrid to provide answers to 1-5 and then in additional asks three broader questions. Sam K. offered to make the suggested changes.

Paul R. offered a motion to put in the amendments discussed today and sent all members an e-mail copy of the amended document to Sam K. and if he receives no objections in 24 hours to sent it to National Grid. The motion was made, seconded and it passed unanimously.

RGGI Update

Ken P. has talked to Jeremy N. about getting RGGI meting Monday.

Ken P. attended the RGGI meeting in DC this week. Everyone is waiting to see what Congress is going to do. Also the West and the Midwest are behind the East and the West Coast.

Transportation is moving to the top of the RGGI agenda. If you are going to address greenhouse gasses you have to look at transportation. California is the clear leader and they have a different view on using RGGI for transportation. It was a major topic at an EPA briefing. LCP is a topic but not the only topic. Paul R. mentioned that in a meeting he attended on LNG a prime focus was transportation. Ken P. cited a recent Mass. Vs EPA court case that found greenhouse gases a threat to public health. Ken speculated that 25% of the talks in DC were on transportation issues.

Discussion on Vacant Residential Seat on EERMC

Paul R. expressed hope that Ken P. could work on the Senate to get them to appoint a residential member to the Council

Paul R. asked about what Council members were looking for in a residential rep. Karina Lutz was brought up. The Wiley Center was mentioned. Sam K. said that some states have a DPU rep on such councils. The DPU may have some ideas. Paul R. asked members to think about ideas for this seat and bring them to the next meeting to see if consensus can be reached. It should not be a former utility executive.

Ken P. suggested non- profits or consumer advocates. Figure out who you want and he will work the system. EERMC also needs to be more diverse. There are no woman on

the council. Scudder P. brought up senior citizens groups. Other suggestions were the Urban Institute and the RI Foundation.

Paul R. made a motion to adjourn. It passed unanimously and the meeting was adjourned at 5:45

Respectfully submitted

Charles Hawkins
Secretary Pro-tempore